HOUSING MARKET INFORMATION

HOUSING MARKET OUTLOOK
Quebec Region Highlights

CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: First Quarter 2013

Housing Market Forecast

Figure 1

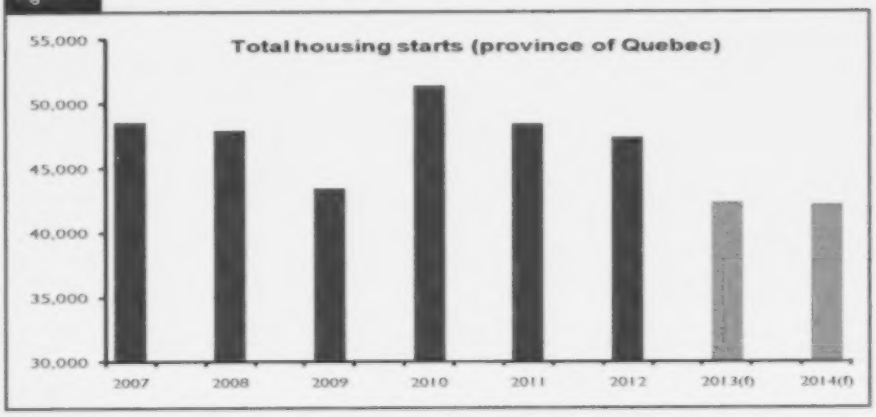

Figure 2

Source: CMHC

Overview

In Quebec, moderate economic growth and still favourable borrowing conditions and demographic trends will continue to support housing demand in 2013 and 2014, but not at the same pace as in 2011 and 2012.

An easing resale market and strong supply will translate into lower demand for new homes.

As was the case during the last decade, demographic factors will continue to support the province's housing markets in the years to come and, at the same time, change their complexion.

Sustained net migration to the province will still have a positive impact on demand in the rental and resale markets, as migration flows are expected to remain stable over the forecast horizon.

Meanwhile, while moderating demand from younger households impacts first-time buying, population aging will have a growing impact on the look of the housing market in Quebec.

As older households re-enter the market in response to their evolving housing needs, changes in tenure type are expected.

Mortgage rates to see modest and gradual increases, but will remain low

According to CMHC's base case scenario for 2013, the one-year mortgage rate is forecast to be within 3.00 per cent to 4.00 per cent, while the five-year posted mortgage rate is anticipated to be within 5.00 per cent to 5.75 per cent.

For 2014, the one-year posted mortgage rate is expected to rise and be in the 4.00 per cent to 5.00 per cent range, while the five-year posted mortgage rate is forecast to be within 5.50 per cent to 6.25 per cent, consistent with higher economic growth prospects in 2014.

Mortgage rates are not expected to increase until late 2013 or early 2014, leading to a slight rise in mortgage rates on an annual basis, when compared to 2012.

Further increases are expected through 2014, but rates will remain low, by historical standards, over the forecast horizon.

Mortgage rates		
1 Year	Q4 2012	3.10
	Change from Q4 2011	-0.40
	2013 (F)	3.45
	2014 (F)	4.47
5 Year	Q4 2012	5.24
	Change from Q4 2011	-0.05
	2013 (F)	5.32
	2014 (F)	5.78

Source: Bank of Canada, CMHC Forecast
NOTE: Mortgage rate forecast is based on Q4 2012 data

In Detail

Single Starts

In 2013, moderate job growth, the continued easing of the resale market and the trend toward the multi-family dwelling will again reduce single starts and translate into a total of 15,000 single-detached homes started in 2013 and 14,600 in 2014.

This market segment is still affected by the rising popularity of the more affordable multi-family homes and densification trends.

Multiple Starts

Fuelled by the popularity of condominium apartments, supply in this market segment is currently strong. Following three years of sustained construction from 2010 to 2012, market conditions in this market are now easing.

Starts of multi-family dwellings will settle back in the coming years. Multiple starts will move to 27,300 in 2013 and 27,600 in 2014.

Resales

After holding steady in 2012, sales recorded by Centris®10 will come in at a slightly lower level this year. For 2013, 75,800 such transactions are forecast. Notwithstanding the overall economic impacts discussed previously, the growing housing stock will sustain sales volumes. As a result, total resales will be back in growth mode next year.

In total, over 79,000 Centris® sales are forecast for 2014.

Prices

Relatively lower demand for resale homes, combined with rising supply, has taken pressure off price growth in recent quarters and should continue to do so throughout this coming year.

With a return to more balanced conditions, price growth in the resale market will continue to moderate in 2013. The average price recorded by Centris® will reach $270,100 this year and $275,100 in 2014.

Quebec Region Economic and Housing Indicators

		Labour Market				Housing Market				
		Emp. Growth SA (%)	Unemp. Rate SA (%)	Average Weekly Earnings ($)		Total Starts	Single-Detached Starts	Multiple Starts	MLS® Sales	MLS® Average Price ($)
Gatineau	Q4 2012	-1.7	6.5	918.51	Q4 2012	649	143	506	678	239,449
	Q4 2011	5.3	7.1	895.94	Q4 2011	705	195	510	798	233,186
	Change[1]	-7.0	-0.6	2.5%	% Change	-7.9	-26.7	-0.8	-15.0	2.7
Montréal	Q4 2012	5.2	8.0	805.61	Q4 2012	5,388	933	4,455	7,501	331,413
	Q4 2011	-1.5	8.8	791.90	Q4 2011	6,555	1,123	5,432	8,825	321,050
	Change[1]	6.7	-0.8	1.7%	% Change	-17.8	-16.9	-18.0	-15.0	3.2
Québec	Q4 2012	-2.1	4.9	818.68	Q4 2012	1,508	320	1,188	1,422	259,907
	Q4 2011	1.6	4.7	772.12	Q4 2011	1,379	285	1,094	1,643	253,332
	Change[1]	-3.7	0.2	6.0%	% Change	9.4	12.3	8.6	-13.5	2.6
Saguenay	Q4 2012	2.2	9.8	794.69	Q4 2012	393	89	304	245	187,637
	Q4 2011	0.6	5.8	747.54	Q4 2011	190	90	100	271	184,969
	Change[1]	1.6	4.0	6.3%	% Change	106.8	-1.1	204.0	-9.6	1.4
Sherbrooke	Q4 2012	-0.3	6.9	756.67	Q4 2012	459	104	355	312	224,787
	Q4 2011	3.3	6.7	728.76	Q4 2011	378	141	237	395	214,879
	Change[1]	-3.6	0.2	3.8%	% Change	21.4	-26.2	49.8	-21.0	4.6
Trois Rivières	Q4 2012	-10.3	8.0	764.47	Q4 2012	273	71	202	186	150,201
	Q4 2011	6.5	9.1	742.34	Q4 2011	413	104	309	216	154,306
	Change[1]	-16.8	-1.1	3.0%	% Change	-33.9	-31.7	-34.6	-13.9	-2.7
Quebec	December 12	3.5	7.3	791.98	Q4 2012	12,201	3,738	8,463	14,946	274,634
	December 11	-1.4	8.7	771.43	Q4 2011	13,105	4,064	9,041	16,920	266,109
	Change[1]	4.9	-1.4	2.7%	% Change	-6.9	-8.0	-6.4	-11.7	3.2
Canada	December 12	1.8	7.1	874.58	Q4 2012	52,562	20,833	31,729	87,040	357,796
	December 11	1.1	7.5	849.02	Q4 2011	52,157	21,647	30,510	95,794	357,071
	Change[1]	0.7	-0.4	3.0%	% Change	0.8	-3.8	4.0	-9.1	0.2

MLS® is a registered trademark of the Canadian Real Estate Association (CREA).

[1]Changes to the Unemployment Rate and Employment Growth represent the ***absolute*** difference between current rates and the rates for the same period in the previous year.

Sources: Statistics Canada (CANSIM), CMHC (Starts and Completions Survey), CREA, QFREB by Centris®
"SA" means Seasonally Adjusted

NOTE: Some of the data in this table, such as the MLS® sales and average price for Q4, became available after the cut-off date of January 18th 2012. As a result, this data was not considered for the forecast.

Quebec Housing Market Outlook (units and percentage change)												
	2007	2008	2009	2010	2011	2012(F)	2013(F)	2012Q4 (F)	2013Q1 (F)	2013Q2 (F)	2013Q3 (F)	2013Q4 (F)
Housing Starts:												
Single	22,177	19,778	17,535	19,549	16,554	15,900	15,000	15,000	15,250	15,000	15,000	14,750
%	1.2	-10.8	-11.3	11.5	-15.3	-4.0	-5.7	-9.6	1.7	-1.6	0.0	-1.7
Multiple	26,376	28,123	25,868	31,814	31,833	30,800	27,300	29,000	28,000	27,500	27,000	26,500
%	1.6	6.6	-8.0	23.0	0.1	-3.2	-11.4	-11.2	-3.4	-1.8	-1.8	-1.9
Total	48,553	47,901	43,403	51,363	48,387	46,700	42,300	44,000	43,250	42,500	42,000	41,250
%	1.4	-1.3	-9.4	18.3	-5.8	-3.5	-9.4	-10.7	-1.7	-1.7	-1.2	-1.8
Existing Home Markets:												
MLS® Sales	80,647	76,752	79,108	80,028	77,171	78,700	79,800	77,000	78,000	79,000	80,000	82,000
%	12.6	-4.8	3.1	1.2	-3.6	2.0	1.4	1.3	1.3	1.3	1.3	2.5
MLS® Average Price	207,531	215,323	225,368	241,456	261,638	271,800	274,100	272,500	273,000	274,000	274,000	276,000
%	6.3	3.8	4.7	7.1	8.4	3.9	0.8	-0.8	0.2	0.4	0.0	0.7

MLS® is a registered trademark of the Canadian Real Estate Association (CREA).

Source: CMHC (Starts and Completions Survey), CREA

Some of the data in this table, such as the MLS(R) sales and average price for Q4, became available after the cut-off date of January 18th 2012. As a result, this data was not considered for the forecast.

All data in this table, except the MLS (R) average price, is seasonally adjusted at annual rates. The MLS (R) average price data is actual.

Quebec Region - Housing Forecast Ranges

	2013			2014		
	Point Forecast	High Forecast	Low Forecast	Point Forecast	High Forecast	Low Forecast
Quebec						
Housing Starts	42,300	44,900	39,700	42,200	47,100	37,300
Multiple	27,300	28,800	25,800	27,600	30,600	24,600
Single	15,000	16,100	13,900	14,600	16,500	12,700
MLS® Sales	75,800	81,500	70,100	79,100	84,900	73,300
MLS® Average Price ($)	270,100	278,200	262,000	275,100	283,300	266,900
Canada						
Housing Starts	190,400	202,400	178,200	194,100	216,900	171,300
Multiple	110,000	116,600	103,400	112,300	125,200	99,400
Single	80,300	85,800	74,800	81,800	91,700	71,900
MLS® Sales	451,100	485,700	416,500	472,300	507,300	437,300
MLS® Average Price ($)	367,500	378,500	356,400	377,300	389,600	362,600

Sources : CMHC

MLS® is a registered trademark of the Canadian Real Estate Association (CREA)

Quebec Region Housing Forecast - New Construction									
	Housing Starts	2012	2013(F)*	% chg (2012/2013)	2014(F)*	% chg (2013/2014)	YTD 2012**	YTD 2011**	% chg (2011/2012)
Gatineau	Single-Detached	688	625	-9.2	600	-4.0	688	784	-12.2
	Multiple	2,071	1,675	-19.1	1,800	7.5	2,071	1,636	26.6
	Total	2,759	2,300	-16.6	2,400	4.3	2,759	2,420	14.0
Montréal	Single-Detached	3,959	3,700	-6.5	3,600	-2.7	3,959	4,653	-14.9
	Multiple	16,632	14,900	-10.4	13,700	-8.1	16,632	18,066	-7.9
	Total	20,591	18,600	-9.7	17,300	-7.0	20,591	22,719	-9.4
Québec	Single-Detached	1,258	1,200	-4.6	1,100	-8.3	1,258	1,349	-6.7
	Multiple	5,158	4,200	-18.6	4,000	-4.8	5,158	4,096	25.9
	Total	6,416	5,400	-15.8	5,100	-5.6	6,416	5,445	17.8
Saguenay	Single-Detached	400	350	-12.5	300	-14.3	400	475	-15.8
	Multiple	717	575	-19.8	475	-17.4	717	384	86.7
	Total	1,117	925	-17.2	775	-16.2	1,117	859	30.0
Sherbrooke	Single-Detached	610	600	-1.6	600	0.0	610	557	9.5
	Multiple	1,131	1,125	-0.5	1,100	-2.2	1,131	1,018	11.1
	Total	1,741	1,725	-0.9	1,700	-1.4	1,741	1,575	10.5
Trois Rivières	Single-Detached	305	275	-9.8	250	-9.1	305	335	-9.0
	Multiple	716	675	-5.7	450	-33.3	716	779	-8.1
	Total	1,021	950	-7.0	700	-26.3	1,021	1,114	-8.3

Source: CMHC (Starts and Completions Survey)
(F) = CMHC Forecast
* Although point forecasts are provided in this table, please refer to the "Housing Forecast Range" table to get the relevant ranges.
** YTD = January - December

Quebec Region Housing Forecast - Resale Market

		2012	2013(F)*	% chg (2012/2013)	2014(F)*	% chg (2013/2014)	YTD 2011*	YTD 2012*	% chg (/)
Gatineau	MLS® Sales[1]	3,812	3,825	0.3	3,850	0.7	3,859	3,812	-1.2
	MLS® Avg. Price[1]	241,387	246,000	1.9	249,500	1.4	234,271	241,387	3.0
Montreal	MLS® Sales[1]	40,133	39,000	-2.8	41,900	7.4	40,357	40,133	-0.6
	MLS® Avg. Price[1]	326,389	330,000	1.1	335,000	1.5	314,033	326,389	3.9
Québec	MLS® Sales[1]	7,191	7,350	2.2	7,600	3.4	7,200	7,191	-0.1
	MLS® Avg. Price[1]	259,117	270,000	4.2	280,000	3.7	247,144	259,117	4.8
Saguenay	MLS® Sales[1]	1,401	1,350	-3.6	1,425	5.6	1,357	1,401	3.2
	MLS® Avg. Price[1]	187,777	193,000	2.8	201,000	4.1	179,020	187,777	4.9
Sherbrooke	MLS® Sales[1]	1,674	1,820	8.7	1,770	-2.7	1,760	1,674	-4.9
	MLS® Avg. Price[1]	218,284	232,000	6.3	236,000	1.7	215,711	218,296	1.2
Trois Rivieres	MLS® Sales[1]	1,004	975	-2.9	950	-2.6	972	1,004	3.3
	MLS® Avg. Price[1]	155,932	158,000	1.3	160,000	1.3	156,917	155,932	-0.6

MLS® is a registered trademark of the Canadian Real Estate Association (CREA).
Sources: CMHC, CREA, QFREB by Centris®, CMHC Forecast 2010-2011

[1] Source for the CMA's : QFREB by Centris®, YTD: January to June

(F) = CMHC Forecast

* Although point forecasts are provided in this table, please refer to the Housing Forecast Range table at the end of this report to get the relevant ranges.

* YTD = January - December

Quebec Region Housing Forecast - Rental Market

	Vacancy Rate		Average Rent 2-Bedroom Units	
	Oct 2012	Oct 2013(F)	Oct 2012	Oct 2013(F)
Gatineau	3.3	3.2	743	760
Montréal	2.8	2.6	711	720
Québec	2.0	2.5	741	755
Saguenay	2.0	2.4	549	560
Sherbrooke	5.0	4.8	578	585
Trois Rivières	5.2	5.5	550	560
Canada	2.8	2.5	n/a	n/a

Source: CMHC Fall Rental Market Survey

(F) = CMHC Forecast

[1] All centres 100,000+

CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) has been Canada's national housing agency for more than 65 years.

Together with other housing stakeholders, we help ensure that the Canadian housing system remains one of the best in the world. We are committed to helping Canadians access a wide choice of quality, environmentally sustainable and affordable housing solutions that will continue to create vibrant and healthy communities and cities across the country.

For more information, visit our website at www.cmhc.ca or follow us on Twitter, YouTube and Flickr.

You can also reach us by phone at 1-800-668-2642 or by fax at 1-800-245-9274.
Outside Canada call 613-748-2003 or fax to 613-748-2016.

Canada Mortgage and Housing Corporation supports the Government of Canada policy on access to information for people with disabilities. If you wish to obtain this publication in alternative formats, call 1-800-668-2642.

The Market Analysis Centre's (MAC) electronic suite of national standardized products is available for free on CMHC's website. You can view, print, download or subscribe to future editions and get market information e-mailed automatically to you the same day it is released. It's quick and convenient! Go to www.cmhc.ca/housingmarketinformation

For more information on MAC and the wealth of housing market information available to you, visit us today at www.cmhc.ca/housingmarketinformation

To subscribe to priced, printed editions of MAC publications, call 1-800-668-2642.

©2013 Canada Mortgage and Housing Corporation. All rights reserved. CMHC grants reasonable rights of use of this publication's content solely for personal, corporate or public policy research, and educational purposes. This permission consists of the right to use the content for general reference purposes in written analyses and in the reporting of results, conclusions, and forecasts including the citation of limited amounts of supporting data extracted from this publication. Reasonable and limited rights of use are also permitted in commercial publications subject to the above criteria, and CMHC's right to request that such use be discontinued for any reason.

Any use of the publication's content must include the source of the information, including statistical data, acknowledged as follows:

Source: CMHC (or "Adapted from CMHC," if appropriate), name of product, year and date of publication issue.

Other than as outlined above, the content of the publication cannot be reproduced or transmitted to any person or, if acquired by an organization, to users outside the organization. Placing the publication, in whole or part, on a website accessible to the public or on any website accessible to persons not directly employed by the organization is not permitted. To use the content of any CMHC Market Analysis publication for any purpose other than the general reference purposes set out above or to request permission to reproduce large portions of, or entire CMHC Market Analysis publications, please contact: the Canadian Housing Information Centre (CHIC) at chic@cmhc.ca; 613-748-2367 or 1-800-668-2642.

For permission, please provide CHIC with the following information:
Publication's name, year and date of issue.

Without limiting the generality of the foregoing, no portion of the content may be translated from English or French into any other language without the prior written permission of Canada Mortgage and Housing Corporation.

The information, analyses and opinions contained in this publication are based on various sources believed to be reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibility.

Housing market intelligence you can count on

25 years ans

FREE REPORTS AVAILABLE ON-LINE

- Canadian Housing Statistics
- Housing Information Monthly
- Housing Market Outlook, Canada
- Housing Market Outlook, Highlight Reports – Canada and Regional
- Housing Market Outlook, Major Centres
- Housing Market Tables: Selected South Central Ontario Centres
- Housing Now, Canada
- Housing Now, Major Centres
- Housing Now, Regional
- Monthly Housing Statistics
- Northern Housing Outlook Report
- Preliminary Housing Start Data
- Rental Market Provincial Highlight Reports
- Rental Market Reports, Major Centres
- Rental Market Statistics
- Residential Construction Digest, Prairie Centres
- Seniors' Housing Reports

Get the market intelligence you need today!

Click www.cmhc.ca/housingmarketinformation to view, download or subscribe.

On June 1, 2012, CMHC's Market Analysis Centre turned 25!

CMHC's Market Analysis Centre has a strong history as the Canadian housing industry's "go-to" resource for the most reliable, impartial and up-to-date housing market data analysis and forecasts, in the country.

CMHC's Market Analysis Centre e-reports provide a wealth of detailed local, provincial, regional and national market information.

- **Forecasts and Analysis –** Future-oriented information about local, regional and national housing trends.
- **Statistics and Data –** Information on current housing market activities – starts, rents, vacancy rates and much more.

***Canadian Housing Observer 2012* – 10th Edition**
Highlighting the State of Canada's Housing

- A complete picture of housing trends and issues in Canada today
- Timely, comprehensive and reliable information and analysis
- Interactive local data tables for over 160 selected municipalities across Canada

Download housing data and/or your FREE copy today!

Go to the source: **www.cmhc.ca/observer**

64659_2013_Q01